**June 2012 Report to the Governor’s Cabinet on**

**Nonprofit Health and Human Services**

**RFP and Procurement Processes Work Group**

**RFP and Procurement Processes Workgroup Members**

**Co-chair** Chris Andresen, Connecticut Department of Public

**Co-chair** Anne Ruwet, CEO, CCARC, Inc.

Jewel Brown, Executive Director, North Star Center for Human Development

Cheryl Cepelak, Deputy Commissioner, Department of Correction

Roberta Cook, President & CEO, Harbor Health Services

Alyssa Goduti, Vice-President of Business Development and Communications, Community Health Resources (CHR)

Judi Jordan, Department of Children and Families

Barry Kasdan, President, Bridges...A Community Support System, Inc.

Daniel J. O'Connell, Ed.D., President & CEO, Connecticut Council of Family Service Agencies

Rick Porth, President and CEO, United Way of CT, Inc./2-1-1

Walt Sivigny, DMHAS

**Workgroup Charge**

1. Review RFP and procurement process and how they can be used to incentivize strategic partnerships
2. To look at appropriate use and timing of competitively bidding contracts and how that will affect program outcomes and innovative programming

**Background**

* **Meetings**

The RFP and Procurement Processes Workgroup (workgroup) met six times between December 2011 and May 2012.

* **Organization of Workgroup**

The workgroup included two subcommittees that each focused on one of the components of the group’s charge, and met outside of the monthly workgroup meetings to draft the major components of this report. The strategic partnership subcommittee consisted of co-chair Anne Ruwet, Richard Porth, Deputy Commissioner Cheryl Cepelak, Daniel O’Connell, Jewel Brown, and Tammy Freeberg. The procurement standards subcommittee consisted of co-chair Chris Andresen, Alyssa Goduti, Judi Jordan, and Roberta Cook.

The workgroup benefitted from the attendance and participation of non-workgroup members including Liza Andrews, Project Director from the Connecticut Non-Profit Human Services Cabinet and Tammy Freeberg, Director of Grants and Program Development from the Village for Families and Children.

* **Presentations, guest speakers, technical assistance**

Sabrina Trocchi, DMHAS Chief of Staff, attended the February workgroup meeting to discuss DMHAS’s practice improvement initiative

Patrick Johnson, President, Oak Hill, contributed to the language used to describe partnerships in the introduction to the section on partnership principles

Staff from the Department of Public Health AIDS & Chronic Diseases Section coordinated workgroup activities (minutes, notifications, meeting logistics, etc), and the procurement standards subcommittee.

Connecticut Council of Family Service Agencies coordinated the activities of the strategic partnership subcommittee.

* **Data, Information, Studies, etc. used to support findings, recommendations and conclusions.**

Fair and Accountable: Partnership Principles for a Sustainable Human Services System (Chicago, IL: Donors Forum, January 2010)

State of Connecticut: Commission on Nonprofit Health and Human Services (2011) *Final Report, Special Act 10-5*

Centers for Disease Control and Prevention 2003–2008 HIV Prevention Community Planning Guidance

**Findings**

The workgroup found that the procurement standards included many mechanisms for flexibility with regards to Purchase of Services (POS) contracts including some meaningful rationales for considerations of waiver from competitive bidding. However the group felt there are other rationales that should be included. The group also felt that the procurement schedule required of all agencies may not always maximize benefits for clients that receive services through POS contracts.

The workgroup recognizes that a healthy private nonprofit sector is vital to the well-being of the citizens of Connecticut. Nonprofit Health and Human Service providers and state government must work collaboratively as partners to assure the provision of high quality, essential services to Connecticut’s most vulnerable citizens. The workgroup adapted partnership principles that it feels will help facilitate a true partnership that can assist all of us to fully embrace and utilize established results based accountability practices to demonstrate meaningful and appropriate outcomes for all state funded programs.

**Recommendations**

The following are comments and recommendations related to the current OPM procurement standards. The workgroup reached consensus on all recommendations

1. Applicability:

Page 4 references applicability to the Executive Branch agencies. The Judicial Department holds a large number of contracts with POS agencies. We understand that Judicial is not held to these standards as a separate branch of government. However, the procurement standards include many best practices and improve consistency of contracting. We suggest that Judicial be invited to utilize the same standards.

1. Training:

Page 6, H.3. – We recommend that all agencies utilize standard training for all staff with procurement responsibilities. We suggest investigating web-based training to reduce costs and improve efficiencies. Agencies may provide additional materials to address agency-specific policies and procedures.

1. Sole Source Contracts:

Page 8. We recommend changing the criteria required for waivers. We suggest changing “When a state agency wishes to make a sole source procurement and the anticipated cost or term of the contracts exceeds $20,000 (change to $50,000) or exceeds one year (change to 2 years), the agency must request a waiver from competitive solicitation ….” Increasing the dollar limit and length of contract allowed for sole source contracting saves time and resources for both the state and providers.

1. Waivers from Re-Procurement:

Page 9. We recommend revisiting the factors identified as considerations for a waiver to include things such as evidence-based models which require significant investment at the provider level. The list of considerations in the procurement standards should be consistent with the options available to state agencies in the forms used to request waivers.

1. Procurement Schedule:

Page 12. This section lists “the level of satisfaction or dissatisfaction with a current contractor’s performance” as a factor to determine re-procurement. We encourage the state to use the contract monitoring and oversight systems to address poor performing providers. If a particular area of service needs to be rebid due to underperformance, we encourage state agencies to only rebid that particular geographic service area and not do a statewide re-procurement.

1. Evaluating the Need:

Page 15. We recommend amending this section, to more concisely and clearly describe when a state agency should engage a contractor. Recommended new language is below:

*Before entering into a contract, an agency must first evaluate the need to do so. If an agency’s existing employees lack the necessary expertise, or are already fully committed to other responsibilities, a state agency may choose to purchase services through a contract. An agency should also consider whether another State agency has the resources to provide the service, or whether it is possible to purchase it on a cooperative basis with other State agencies.*

*State agencies should consider the following factors when determining if they should engage a contractor: (1) the need for outside expertise, (2) the lack of internal resources, or (3) the need for independent judgment or objectivity. In terms of expertise, a contractor can provide special skills or knowledge that an agency’s regular, full-time employees do not possess. In terms of resources, a contractor can provide a needed service without diverting the efforts of regular employees who may be already committed to other responsibilities. In terms of objectivity, a contractor can provide an unbiased view of an agency’s operations, identify problem areas, or suggest improvements. (add a note - this section relates to PSAs, Not POS Contracts)*

1. Writing the RFP:

Page 20. Procurement should have a foundation based on an overall planning process. State agencies should develop forums for ongoing communication with providers on their service system design and potential changes (i.e. DCF’s Continuum of Care Partnership). State agencies should have the option of a “state planning process” prior to the writing of the RFP, to utilize the expertise of stakeholders to determine models, design and program details. The state should develop a process that would result in information similar to that gathered from a Request for Information, but would be less formal and arduous for providers. A state agency could identify a particular need and interested parties, invited through a public posting on the DAS website, could meet to discuss and recommend models to address that need.

1. Evaluation Criteria:

Page 24. We suggest removing the second paragraph on page 24, which recommends concealing weight criteria for applicants. Weight criteria should be clearly identified in the proposal. Weight of each question is helpful to applicants in understanding priorities of the agency and is fair if revealed to all applicants.

1. Contractor Selection:

Page 34. This section references sending the three top ranking proposals to the agency head. However there are some examples in which an agency may be selecting multiple providers. We therefore recommend that the language allow for the selection committee to submit their full recommendations for consideration to the agency head.

1. Contractor Selection and Timeline:

Page 34. We recommend that the language be strengthened to say that contracts should be processed in a timely manner. We suggest that providers and State agencies make a good faith effort to complete contract negotiations within 45 days of notification of the winning bid.

1. Debriefing:

Page 36. The language currently states that the debriefing must not include any comparisons of unsuccessful proposals with other proposals. We suggest that language be added to say that the debriefing is an opportunity for a provider to get feedback on their proposal. Providers will also receive feedback on how their proposal ranked in comparison with other applicants.

1. Monitoring Contractors:

Page 37. We suggest adding a bullet to demonstrate collaboration and process improvement as a part of the contract monitoring process. The bullet may read “Collaborative discussions geared towards service delivery improvement.”

1. Notification of Bid Outcomes:

We suggest that state agencies post notifications of winning proposals on their websites to improve communication and serve as a more public notice.

1. Submission of Proposals

We recommend that state agencies accept electronic submissions of proposals whenever practical. This improves efficiency and reduces costs.

Technical recommendations:

1. Increase the $20,000 threshold for sole source to $50,000 which requires a statutory change.
2. Page 21. Needs to be amended to recognize that OPM has developed a standard RFP template.
3. Take out “Screening Committee” on page 24 and 25. The Screening Committees don’t typically review rating sheets prior to an RFP release.
4. Remove the second sentence in the definition of “End Users.” It is inaccurate.

**Guiding Partnership Principles for a Sustainable Health and Human Services System**

**Introduction**

The workgroup endorses the principle that a healthy nonprofit health and human service provider system is vital to the well being of the citizens of Connecticut. Nonprofit human service providers act as stewards of the state in meeting essential functions of government, caring for the most vulnerable residents. In meeting this joint mission, partnerships exist on multiple levels.

Nonprofit agencies are governed by volunteer Boards of Directors made up of diverse representation from the community served, acting as policy makers with fiduciary responsibility for the nonprofit agency. Along with this comes an army of volunteers and charitable dollars and other in-kind support. Businesses and individual donors support this mission through their philanthropic giving. Municipalities support the work of their local nonprofit organizations through collaboration with their local services. Through these roles, the community gathers to work together in partnership to maintain the safety net. Historically virtually all of human services were delivered through these nonprofit mediating institutions. The presence of government made it the responsibility of the whole civil society to fund and support this work. Government, like our nonprofit agencies is responsible to the community and must hold community providers and itself accountable for the prudent and appropriate us of the scarce resources it is charged with administering.  Ultimately state agencies and the legislature partner with nonprofits to effectively and efficiently meet the needs of citizens. It is essential that this vital partnership be strengthened and supported to assure that the safety net is preserved and the most vulnerable among us are treated with dignity, respect, and quality of life sustaining services as well as opportunities to overcome whatever their challenges.

The nature of health and human services that are provided by nonprofits is fundamentally different from other state contracted services and requires increased state agency discretion and flexibility in procurement, contracting and monitoring. It is important that the state provide a system of procurement and adequate funding to support the optimal provision of these unique services now and in the future. Nonprofit health and human service providers must be recognized as critical partners with state government in the provision of high quality, essential services to Connecticut’s most vulnerable citizens. The state’s procurement, contracting, payment and quality assurance systems should provide appropriate, meaningful and ongoing opportunities for state agencies and non-profit community providers to collaborate and partner in implementing evidence-based, outcomes-driven and financially sustainable service delivery systems. It is imperative that the nonprofit provider community fully embrace and utilize established results based accountability practices to demonstrate meaningful and appropriate outcomes for all state funded programs. This can only be achieved by working together in a true partnership.

The following Guiding Partnership Principles are intended to promote a fair, effective, responsive, transparent and accountable partnership between nonprofit providers and their state government funders. (1) The workgroup reached consensus on these principles.

**I. CONTRACTED SERVICES**

**All contracted services are based on a dynamic, data-driven system.**

A. Contracted services are based on a comprehensive and transparent planning process that defines and prioritizes services.

 a. Planning includes local and regional input from consumers, providers and state agency representatives.

 b. Planning is coordinated across service and funding areas.

 c. Planning is conducted at a minimum of every 10 years based on the most recent census data, and no more frequently than every five years.

 d. Public funding is allocated across services, geography, and populations based first on existing needs, with consideration of emerging needs, service gaps, and disparities.

B. Contracted services balance best practices and good stewardship of public dollars with given resources.

 a. There is a system to uniformly describe services and identify consistent terminology for use in budgeting, contracting, reporting, and evaluating.

 b. Government and service providers participate in a formal process to identify, define, and communicate best, informed, and promising practices for contracted services. (e.g. DMHAS Practice Improvement Initiative)

 c. In determining contracted services, government considers both short- and long-term benefits to consumers and communities, given available resources.

 d. Contracted services are assessed according to the relative benefits to the consumers and communities, the number of potential beneficiaries, and the severity and/or extent of need.

 e. Where communities do not have the infrastructure to deliver the necessary level or types of services, public dollars are invested in building the capacity of providers to deliver effective services.

 f. Government invests in innovative services and service models for providers to achieve desired results.

**II. CONTRACTED PROVIDERS**

**The selection processes for contracted providers are transparent and competency-based.**

A. The procurement for human services is a transparent and streamlined decision-making process.

 a. Government establishes grant criteria and contract award processes in advance and adheres to request for proposal (RFP) processes.

 b. Government consistently applies standards and policy to determine contract awards across providers.

 c. Potential bidders receive adequate notice of funding opportunities at a designated state website (e.g. State agency and DAS Procurement Portal).

 d. Each request for proposal includes explicit guidance on eligibility qualifications for service providers, and all qualified, interested providers have the opportunity to apply.

 e. Paperwork is reduced and duplication is minimized through a shared use of a common data bank.

B. Contracts are awarded to providers that best demonstrate an ability to achieve desired outcomes through delivery of quality services.

 a. Criteria for selecting providers include experience with service delivery, utilization of appropriate best practice or innovative models, investment in infrastructure, qualified staff and a track record of delivering the agreed-upon outcomes.

 b. Selected providers demonstrate specific experience with, or knowledge of, the work specified, the target population(s), community, or region; community and consumer support; and cultural competency.

**III. CONTRACT TERMS AND RENEWALS**

**Contract terms and renewals are based on community best interest and performance.**

A. Contract renewal is based on provider performance and demonstration of continued ability to deliver contracted services.

 a. There is a system for defining and measuring acceptable and excellent performance, including consumer satisfaction.

3.2 Decisions to conduct open bidding processes rather than contract renewals consider investments required to apply for, start up, deliver, administer, and evaluate services as well as impact on existing clients.

 a. The renewal process minimizes duplicative paperwork by allowing providers to certify where there are no changes to corporate legal and organizational status.

 b. Rebidding of contracts is based on principles associated service quality and cost-effectiveness and fairness associated with the procurement process and on appropriate re-procurement cycles for services subject to rebidding.

3.3 When contracts are not renewed, the transition process takes the best interests of consumers and communities into account.

 a. Timeframes for government communication about the non-renewal of a contract allow for coordination between terminated and new providers to provide continuity of care for consumers.

**IV. CONTRACT AMOUNTS AND TIMELY PAYMENTS**

**Contract amounts and timely payments are critical to maintaining a viable system.**

A. Payment is based on the full cost of efficient service delivery consistent with agreed-upon quality standards.

 a. Payment for services is set in a fair and transparent fashion with clear methodology for assessing the full costs of service delivery and with the opportunity for providers to provide input on the methodology.

 b. Baseline payment may be adjusted to reflect differences of geography and consumer population characteristics, to the extent that they impact the cost to deliver service.

 c. Payment may be adjusted to reflect a level of quality or performance above a defined baseline.

 d. Budgets are reviewed and adjusted annually to reflect changing costs of service delivery.

 e. Services and other requirements to receive payment, and payment terms, are established at the beginning of the contract and renegotiated only in accordance with pre-established parameters and timeframes.

B. Contracted providers providing services in accordance with contractual requirements do not bear financial risk of late payment.

 a. Payments to providers adhere to agreed-upon timeframes.

C. Payment mechanisms maximize federal dollars for the State of Connecticut.

**V. REPORTING AND MONITORING**

**Reporting and monitoring promote efficiency and accountability.**

A. Reporting and monitoring systems emphasize the level and efficacy of services for consumers.

 a. Providers and government agree in advance and adhere to evaluation methods, which may include assessments by staff and consumers as well as other performance measures.

 b. Providers and government agree in advance to program activity measures that provide pertinent information about the services.

B. Reporting, billing, and monitoring systems are efficient and standardized across services and government agencies.

 a. Reporting requirements are scaled to the amount of funding provided.

 b. Compliance requirements related to financial management are consistent with generally accepted accounting standards.

 c. Government monitoring procedures for financial and organizational compliance are standardized and accepted across government agencies, with the objectives to reduce paperwork and eliminate redundant monitoring.

C. Technology efficiently serves the information needs of government and service providers, including the input, reporting, and analysis of service and billing information.

 a. Government agencies use common systems for provider reporting and billing to avoid duplicate entry.

 b. Government reporting systems allow providers to access the data that they have reported to the government.

 c. Government reporting systems allow interface with provider information systems, including furnishing an electronic document vault/file cabinet.

 d. Government invests in current technology including its own systems, systems that government requires providers to use, and the related costs of providers’ systems.

D. Providers and government agree on the best techniques to demonstrate value of services and prudent use of public funds.

**VI. COMMUNICATION**

**Open communication and mutual accountability are critical for government and nonprofit providers to fulfill their shared commitment to the public good.**

A. Government and providers are proactive and responsive in their communications concerning all aspects of the contracting relationship, including opportunities and challenges.

 a. Government seeks input from providers about potential contract changes and requirements, as well as realistic timeframes to implement these activities.

 b. Government provides information about contract changes, requirements, and deadlines within reasonable timeframes to provide for thoughtful planning and to minimize negative consequences for consumers.

 c. Government engages providers in developing and implementing quality standards, outcome measurements, and reporting and billing systems.

 d. Specific individuals within the government and provider structures are designated as contacts for the other party for problem solving and other communication.

 e. In addition to informal communication, there are specific mechanisms that provide opportunities for regular dialogue between government and providers.

B. Government coordinates human services contracting activities across departments and agencies in order to enhance efficiency and effective service delivery for consumers.

C. Government regularly makes information on human services and their results available to the public. (2)

1. Adapted from: State of Connecticut: Commission on Nonprofit Health and Human Services (2011) *Final Report, Special Act 10-5* (pp 79)
2. Adapted from: Fair and Accountable Principles for a Sustainable Human Service System (Chicago, IL: Donors Forum, January 2010)

**Next Steps:**

This workgroup recommends that the Cabinet accept these recommendations and incorporate them into their final report. We recognize that some of these changes require statutory change.

We recommend that a workgroup of the Cabinet be designated to operationalize the partnership principles. They would be charged with developing concrete steps to help implement these principles within state agencies and the nonprofit human service system.

**Conclusion:**

The workgroup appreciates the opportunity to convene State agencies and Non-profit organizations to discuss RFP and procurement process for Purchase of Services. We have concluded that recommendations in this report can improve the competitive bidding process and promote stronger strategic partnerships between the State and non-profit organizations that will ultimately improve outcomes for the clients we collectively serve and make innovative programming more feasible.